

# Corporation for National and Community Service

NationalService.gov



Dear Financial Aid Officer:

We are providing this information to assist you in understanding the relationships between AmeriCorps and FAFSA. An AmeriCorps member receives three types of benefits that are relevant to completing the FAFSA:

**Living Allowance:** AmeriCorps members may receive a living allowance to cover living expenses during their term of service.

**Segal AmeriCorps Education Award:** After successfully completing a term of service, AmeriCorps members who are enrolled in the National Service Trust are eligible to receive an education award. The education award can be used to pay current educational expenses at eligible institutions of higher education and GI-Bill approved educational programs, to repay qualified student loans, or for both purposes. Members can access the entire award or part of it until the total amount has been used or the award expires. A member has up to seven years after his or her term of service has ended to claim the award.

**Payment of interest on loans:** The Corporation for National and Community Service pays interest on postponed qualified student loans for AmeriCorps members who successfully complete their terms of service.

A member may also be earning Federal Work-Study wages for serving in an AmeriCorps project. These benefits should be included on the "income exclusion worksheet" of the FAFSA.

Veterans Benefits are no longer included in calculating the maximum amount of a student's education award that may be disbursed. The Edward M. Kennedy Serve America Act of 2009 eliminated consideration of veterans' benefits in calculations that determine the amount of the education award that a student is eligible to use. The student's estimated financial assistance for the enrollment period under Part A of title IV of the Higher Education Act is still subtracted from the Cost of Attendance to determine the maximum amount.

With respect to the education award and interest payment, the IRS has determined that these payments are subject to income taxes in the calendar years in which the payments are made. That taxable amount is reported on a 1099 form. When the student files a FAFSA for the following year, the amount of the Segal AmeriCorps Education Award paid in the base year and included in that year's AGI, is to be excluded from the need analysis calculation. In most cases, the entire education award amount that was paid is taxable, so the entire amount that was paid is included in the AGI. Thus the filer is to report the entire amount that was paid, not just the amount in excess of tuition, fees, books, and supplies.

When students use their education awards as a resource, it may reduce their eligibility for campus-based aid. Financial aid offices must consider the Segal AmeriCorps Education Award as a resource, or funds that you have available toward your cost of attendance, when considering your eligibility for campus-based aid. This includes the Federal Supplemental Educational Opportunity Grant (SEOG), the Federal Work-Study Program, and Perkins Loans. (See 34 C.F.R. § 673.5(c).)

AmeriCorps VISTA members have some additional benefits. Whether they have elected the education award or the stipend, AmeriCorps VISTA members may be eligible for other types of loan postponements. Those who choose the stipend are also uniquely eligible for partial cancellation of Perkins loans.